

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2009-496-E - ORDER NO. 2009-908
DECEMBER 29, 2009

IN RE: Petition of South Carolina Electric & Gas) ORDER GRANTING
Company for an Accounting Order to Adopt) UPDATED
New Depreciation Rates Effective January 1,) DEPRECIATION RATES
2009) AND APPROVING
) RELATED ACCOUNTING
) TREATMENT AS SET
) FORTH BELOW

This matter comes before the Public Service Commission of South Carolina (“Commission”) on a Petition by South Carolina Electric & Gas Company (“SCE&G” or the “Company”) seeking authority to adopt updated depreciation rates effective January 1, 2009, apply the credit resulting from the updated depreciation rates to calendar year 2009 activity, and flow the results of the updated depreciation rates through utility operating income beginning in January 2010. The purpose of applying the credit resulting from the updated depreciation rates to calendar year 2009 is to reduce the cost of fuel incurred by the Company from its electric generation operations. According to SCE&G, these requests stem from the Company’s Depreciation Study conducted in April of 2009, which reflects an annual decrease to depreciation expense of approximately \$11.9 million.¹ Lastly, SCE&G states that deferring and recording the grant as a regulatory asset will not involve a change to any of its current rates or prices and will not affect the right of any party to address this issue in a subsequent general rate case proceeding.

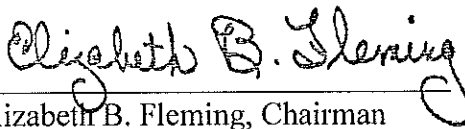
¹ Based on electric and common plant (applicable to electric service) balances as of December 31, 2008.

The Office of Regulatory Staff has reviewed the proposal and states that it has no objection.

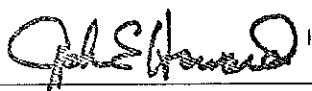
We find that adopting the updated depreciation rates is appropriate, and SCE&G's Petition is therefore approved. The updated depreciation rates shall be adopted and deemed effective as of January 1, 2009. The credit resulting from the updated depreciation rates shall be applied to reduce the Company's deferred fuel balance of its electric generation operations. Beginning in January 2010, the results of the lower depreciation rates shall flow through the Company's utility operating income to the benefit of its customers.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:


Elizabeth B. Fleming, Chairman

ATTEST:


John E. Howard, Vice Chairman
(SEAL)